

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities.

Application will be made for the Ordinary Shares and Warrants to be admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM").

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial adviser.

The rules of AIM are less demanding than those of the Official List of the London Stock Exchange. It is emphasised that no application is being made for admission of the Ordinary Shares or Warrants to the Official List. Further, the Exchange has not itself approved the contents of this document. It is expected that dealings will commence on 6 October 1997.

This document is drawn up in compliance with the Public Offers of Securities Regulations 1995 ("Regulations"). A copy of this document has been delivered to the Registrar of Companies in England and Wales for registration pursuant to Regulation 4(2) of the Regulations.

To the best of the knowledge of the Directors, who are the persons responsible for this prospectus, the information contained in it is in accordance with the facts, and makes no omission likely to affect the import of such information. The Directors, whose names are set out on page 4, accept responsibility accordingly. The Directors accept responsibility, collectively and individually, for compliance with the AIM Rules.

BUCKLAND INVESTMENTS PLC

(Registered in England and Wales No.3148295)

**Placing of 4,209,000 Ordinary Shares at 15p per share payable in full on application
with Warrants attached (on the terms described in this document)**

Admission to AIM

Nominated Adviser:

Nabarro Wells & Co. Limited

Nominated Broker:

WH Ireland Limited

Nabarro Wells & Co. Limited, which is regulated by The Securities and Futures Authority Limited, is not acting for any investor and will not be responsible for providing the protections afforded to its clients, nor for advising any other person in connection with the Placing.

WH Ireland Limited, which is regulated by The Securities and Futures Authority Limited and is a member of the London Stock Exchange, is not acting for any investor and will not be responsible for providing the protections afforded to its clients, nor for advising any other person in connection with the Placing.

Buckland Investments PLC is a newly formed company with no existing business record. The attention of investors is drawn to the risk factors set out in Part I of this document.

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PLACING STATISTICS

Placing Price per Ordinary Share	15p
Number of Ordinary Shares being issued pursuant to the Placing	4,209,000
Number of Warrants being issued pursuant to, and in issue following, the Placing	771,165
Net proceeds, all of which are receivable by the Company, of the Placing	£571,000
Number of Ordinary Shares in issue following the Placing	4,209,000
Market capitalisation at the Placing Price following the Placing	£631,000
Net asset value per Ordinary Share following the Placing	13.6p

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise.

“Act”	the Companies Act 1985 (as amended)
“Admission”	the admission of the Company’s Ordinary Shares and Warrants to trading on AIM becoming effective
“AIM”	the Alternative Investment Market of the London Stock Exchange
“AIM Rules”	the rules of AIM contained in chapter 16 of the rules of the London Stock Exchange
“Board” or “Directors”	the directors of the Company
“CI Law”	C.I. Law Trustees Limited, a company which holds various assets on behalf of discretionary trusts, the beneficiaries of which include the family of Mr Palmer
“Company” or “Buckland”	Buckland Investments PLC
“London Stock Exchange”	London Stock Exchange Limited
“Nabarro Wells”	Nabarro Wells & Co. Limited, nominated adviser to the Company and regulated by The Securities and Futures Authority Limited
“Options”	the options granting the right to subscribe for, in aggregate, 20 per cent of the share capital of the Company from time to time, details of which are set out in paragraph 4 of Part IV of this document
“Ordinary Shares”	ordinary shares of 10p each in the Company
“Placing”	the placing of 4,209,000 Ordinary Shares and Warrants as described in this document
“Placing Price”	15p per share
“Warrants”	the warrants, each of which entitles the registered holder thereof to subscribe for one Ordinary Share at 15p per share, at any time following Admission up to 30 September 2004
“Wharton”	Wharton Holdings Corporation, a company which holds various assets on behalf of discretionary trusts, the beneficiaries of which include the families of Mr Rogers and Dr Sharples
“WH Ireland”	WH Ireland Limited, nominated broker to the Company and regulated by The Securities and Futures Authority Limited

DIRECTORS AND ADVISERS

Directors:	Patrick Charles Robert Courtenay Rogers BA, <i>executive chairman</i> Lindsay Keith Anderson Mair ACA, <i>finance director</i> Philip Edward Palmer, <i>executive director</i> Leon Keith Sharples PhD, <i>non-executive director</i>
Registered Office:	<i>all of:</i> Piercy House 7/9 Copthall Avenue London EC2R 7NJ
Secretary:	Lindsay Keith Anderson Mair ACA
Nominated and Joint Financial Adviser:	Nabarro Wells & Co. Limited Saddlers House Gutter Lane Cheapside London EC2V 6BR
Nominated Broker:	WH Ireland Limited Grange House John Dalton Street Manchester M2 6FW
Joint Financial Adviser:	Corporate Synergy PLC Piercy House 7/9 Copthall Avenue London EC2R 7NJ
Solicitors:	McFadden, Pilkington & Ward City Tower 40 Basinghall Street London EC2V 5DE
Auditors and Reporting Accountants:	BDO Stoy Hayward 8 Baker Street London W1M 1DA
Bankers:	Barclays Bank Plc 8/9 Hanover Square London W1A 4ZW
Registrars:	Connaught St Michaels PO Box 30 Victoria Street Luton Bedfordshire LU1 2PZ

PART I
THE COMPANY

Introduction

The Company has been established to acquire holdings in companies which the Directors believe will generate substantial investment returns. The Company's objective is to invest in businesses which the Directors consider will benefit from their experience and expertise (which may include the sourcing of additional finance), with a view to the eventual sale or flotation of these businesses. It is anticipated that the Board will concentrate on investment opportunities in the engineering and distribution sectors, in which Mr Rogers, Mr Palmer and Dr Sharples have considerable experience and expertise.

Mr Rogers, chairman, has extensive experience of growing companies both organically and by acquisition, having led, as chief executive, the development of Channel Holdings plc from a company capitalised at £600,000 in August 1992 to a group with a market capitalisation on the London Stock Exchange in August 1996, when he left the board, of over £30 million, with a range of interests in electronic and mechanical engineering.

Mr Palmer, executive director, founded Healthcare Logistics Limited in 1977 to provide logistical services to the UK pharmaceutical industry. In February of this year the company was sold for a total consideration of £2.2 million.

Dr Sharples, non-executive director, was the co-founder in 1990 of CCTV Corporation (Delaware), and, in 1993, was a co-investor in GBC Europe Limited, both of which companies are engaged in CCTV equipment assembly and distribution. They were sold, in April of this year, for an initial consideration of \$8 million, together with deferred consideration payable over three years.

Wharton and CI Law have subscribed, conditionally on Admission, for an aggregate of 2,666,667 Ordinary Shares, without Warrants, at 15p per share, at a total cost of £400,000. Wharton and CI Law will hold the Ordinary Shares on behalf of discretionary trusts, the beneficiaries of which include the families of, respectively, Mr Rogers and Dr Sharples, and Mr Palmer.

The Company is raising a further £231,000 from investors, conditionally upon Admission, and the purpose of this document is to give details of the Company and the Placing. The funds raised will be used to invest in suitable businesses and to provide working capital.

Application will be made for the Ordinary Shares and Warrants to be admitted to trading on AIM, and the Placing is conditional on Admission.

Investment criteria

In assessing potential companies in which to invest, the Directors intend to apply three principal investment criteria:

- a business should be involved in activities in which the Directors have some prior experience and thus an understanding of the industry in which it operates;
- it should be capable of becoming independently quoted in due course; and
- it should offer the potential for substantial investment returns, with a controllable level of risk.

Directors

Brief biographical details of the Directors are as follows:

Patrick Rogers, 46, was appointed executive chairman on 4 September 1997. From 1992 to August 1996 he was chief executive of Channel Holdings plc, a company which developed through a series of major acquisitions from having a stock market capitalisation of £0.6 million to being a group of companies in security and defence electronics, with annual sales of some £60 million, pre-tax profits in excess of £3.5 million and a market capitalisation of over £30 million. He spent his early career in civil engineering before moving into the City in 1980, first as an investment analyst and latterly in corporate finance. In 1988 he returned to industry and since then has concentrated on growing companies by strategic acquisition. Since 1988 he has completed over a dozen significant acquisitions and disposals in the UK and continental Europe.

Mr Rogers has agreed to devote the majority of his time to the business of the Company and will be responsible for its strategy and for identifying and investigating potential acquisitions.

Lindsay Mair, 39, was appointed finance director on 4 September 1997. Since qualifying as a chartered accountant with Deloitte & Touche in 1987, he has worked in corporate finance and is currently a director of Corporate Synergy PLC. He will have responsibility for the financial and administrative affairs of the Company and has agreed to devote such time as is necessary to fulfil his responsibilities, and in any event not less than one day per month.

Philip Palmer, 51, was appointed an executive director on 19 September 1997. In 1977 Mr Palmer established Healthcare Logistics Limited to provide logistical services to the pharmaceutical industry. He was responsible for growing the company to sales of approximately £6.7 million with profits before tax of approximately £420,000 (in the year ended 31 December 1996) and 140 employees. In late 1995 3i plc invested £500,000 to assist in the development of the business, and in February 1997 the business was sold to a management buyout team for £2.2 million. Mr Palmer will be responsible, with Mr Rogers, for identifying and appraising potential investment opportunities.

Leon Sharples, 64, was appointed a non-executive director on 19 September 1997. In 1984 Dr Sharples took early retirement from ICI plc in order to go into business on his own account, his last appointment with ICI being managing director of one of its UK subsidiaries. Since 1984 he has founded several companies and rescued a number of others in CCTV equipment manufacturing in the UK and the US. In July 1994 he sold Shawley Antony Limited, a company engaged in the manufacture of CCTV equipment, of which he was a director and 50 per cent shareholder, to Channel Holdings plc (of which Mr Rogers was chief executive) for a consideration of £1.15 million. He was also the co-founder in 1990 of CCTV Corporation (Delaware), and, in 1993, a co-investor in GBC Europe Limited, both of which companies are engaged in CCTV equipment assembly and distribution. They were sold, in April of this year, for an initial consideration of \$8 million, together with deferred consideration payable over three years. He remains a non-executive director of several private companies and an adviser to others.

Reasons for the Placing

The proceeds of the Placing will be used to finance the investment plans of the Company, as outlined above, and will in the meantime provide working capital for the business.

The Directors consider, in addition, that a dealing facility in the Company's Ordinary Shares will contribute to the development of the Company by facilitating the making of investments, either:

- through the issue of new shares in the Company as consideration to vendors of shareholdings in investee companies; or
- by the issue of new shares to raise additional funds for investment.

Accordingly, the Company will apply for the Ordinary Shares and Warrants to be admitted to trading on AIM.

Details of the Placing

Wharton and CI Law have subscribed, conditionally on Admission, for an aggregate of 2,666,667 Ordinary Shares, without Warrants, at 15p per share, at a total cost of £400,000. Wharton and CI Law will hold the Ordinary Shares on behalf of discretionary trusts, the beneficiaries of which include the families of, respectively, Mr Rogers and Dr Sharples, and Mr Palmer.

In addition, a total of 1,542,333 Ordinary Shares, with Warrants attached, are being conditionally placed by the Company with investors. Each of Corporate Synergy PLC, joint financial adviser to the Company, and Mr Mair, is applying for 33,334 Ordinary Shares in the Placing.

All investors, other than Wharton and CI Law, will be allotted one Warrant for every two Ordinary Shares for which they subscribe. The Placing is conditional, *inter alia*, on the admission of the Ordinary Shares and Warrants to trading on AIM. Dealings are expected to commence on 6 October 1997.

It is expected that certificates in respect of the Ordinary Shares and Warrants will be despatched by post by 20 October 1997. Pending despatch of definitive share certificates, Connaught St Michaels Limited will certify instruments of transfer against the register.

Potential investors should note that the whole of the net proceeds of the Placing will be receivable by the Company.

Each of the Directors (and their associates) has agreed not to dispose of any interest in Ordinary Shares or Warrants held by him on the date of Admission until one year following the date on which 80 per cent of the net proceeds of the Placing have been invested in accordance with the Company's strategy, save in the event of an intervening court order, a take-over becoming or being declared unconditional, or the death of the Director.

Details of the Warrants

Investors will receive, for every two Ordinary Shares allotted to him or her, one Warrant. Each Warrant will entitle the holder thereof to subscribe for one Ordinary Share, at the Placing Price, at any time in the period following Admission until 30 September 2004. Application will be made for the Warrants to be admitted to trading on AIM. Further details of the Warrants are set out in Part III of this document.

Options

Each of Wharton and CI Law has been granted, also conditionally on Admission, Options to subscribe for, in aggregate, 20 per cent of the ordinary share capital of the Company from time to time. In respect of the initial issue of Options the exercise price is 15p, the same as the price at which the Warrants are exercisable; for further issues of Options, the exercise price will be the price at which the issue of Ordinary Shares triggering the issue of additional Options is made or, in certain limited circumstances where this is not appropriate, at the average of the market price on the five business days preceding the issue. The Options are exercisable at any time between 1 October 1998 and 30 September 2004.

Further details of the Options are set out in paragraph 4 of Part IV of this document.

Corporate Governance

The Directors intend, so far as possible (taking into account the Company's size), to comply with the Code of Best Practice established by the Committee on the Financial Aspects of Corporate Governance.

As soon as the Company's business has developed sufficiently, however, the Directors intend to appoint an additional non-executive director. The Directors will then establish an audit committee to receive and review reports from management and from the auditors relating to the interim and annual accounts and to the system of internal control. At the same time, a remuneration committee comprising two non-executive directors will be formed.

A benefit of the Company's structure is that ongoing costs will be kept to a minimum, pending investment in suitable businesses.

Risk factors

The Directors consider the following risks to be the most significant for potential investors, but the risks listed do not necessarily comprise all those associated with an investment in Buckland.

- The success of the Company depends largely on the expertise of the Directors. The management of the Company and its investments is not being undertaken by an entity regulated by any of the established financial service sector regulatory organisations and there will not be a spread of investments such as would mitigate risk.
- It may be difficult for an investor to sell his or her Ordinary Shares and/or Warrants and he or she may receive less than the amount paid. The Ordinary Shares and Warrants are intended for retention over a long period and therefore may not be suitable as a short term investment.
- The business of the Company is dependent on suitable companies being available for investment.
- The Company intends to invest in small companies. Such companies do not generally have the financial strength, diversity and resources of larger companies, and they may find it more difficult to overcome periods of economic slowdown or recession.
- It is likely that the Company will seek to raise additional funds which may be effected by the issue of new shares.
- The market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets.

Therefore, the investment described in this prospectus may not be suitable for all those who receive it. Before making a final decision, investors in any doubt are advised to consult an investment adviser authorised under the Financial Services Act 1986.

Dividend policy

The Directors' investment objective is capital growth. At the appropriate time the Directors will recommend the payment of dividends.

Other information

Attention is drawn to the following:

- | | |
|----------|-----------------------------------|
| Part II | Financial information |
| Part III | Details of the Warrants |
| Part IV | Statutory and general information |

PART II
FINANCIAL INFORMATION

The following is the text of a letter from the Company's auditors, BDO Stoy Hayward, regarding the Company.

BDO Stoy Hayward
8 Baker Street
London W1M 1DA

The Directors
Buckland Investments PLC
Piercy House
7/9 Copthall Avenue
London
EC2R 7NJ

and

The Directors
Nabarro Wells & Co Limited
Saddlers House
Gutter Lane
Cheapside
London EC2V 6BR

19th September 1997

Dear Sirs

BUCKLAND INVESTMENTS PLC ("the Company")

The Company was incorporated on 19th January 1996 as Distant Brook PLC with Company Number 3148295, and changed its name to Buckland Investments PLC on 4th September 1997. The Company has not yet commenced trading and produced its first statutory financial statements for the period to 31st January 1997 which showed that the Company had a paid up share capital of £2 represented by cash in hand. These accounts have been filed with the Registrar of Companies.

The above information, which does not constitute full statutory financial statements, represents a true and fair view of the state of affairs of the Company as at 31st January 1997.

No dividends have been proposed or paid by the Company since incorporation. The Company has no subsidiaries.

BDO is responsible for this report. We hereby consent to the inclusion of our report in the prospectus dated today and accept responsibility for such report.

Yours faithfully

BDO Stoy Hayward

PART III

DETAILS OF THE WARRANTS

1. The Subscription Rights

1.1 Subject to the following conditions a Warrant holder will be entitled on any day during the period commencing on the date of Admission and expiring on 30 September 2004 ("Subscription Period") to subscribe for all or part of the number of Ordinary Shares for which the Warrants held by him entitle him to subscribe at 15p per Ordinary Share ("the Subscription Price"). The right shall be exercisable by the Warrant holder lodging at the registered office of the Company the relevant Warrant Certificate and the Subscription Notice duly completed, together with payment in cash in full of the Subscription Price for the Ordinary Shares in respect of which the rights to subscribe for Ordinary Shares ("Subscription Rights") are exercised. Once lodged, a Subscription Notice will not be revocable except with the consent of the Company.

1.2 Ordinary Shares issued on the exercise of the Subscription Rights will be allotted not later than 14 days thereafter and certificates in respect of such Ordinary Shares will be despatched not later than 28 days after the exercise of the Subscription Rights to the persons in whose names the Warrants are registered at the date of such exercise or to such other person as may be named in the Form of Nomination endorsed on the Warrant Certificates. Where a Warrant holder has exercised only part of the Subscription Rights covered by the relevant certificate, the Company will at the same time send to the Warrant holder a fresh warrant certificate for any balance of his Subscription Rights which remain exercisable.

1.3 Any Ordinary Shares issued on the exercise of the Subscription Rights will not rank for any dividend or other distribution declared, made or paid in respect of any financial year of the Company ended prior to the Subscription Date nor for any dividends or other distributions for which the record date is a date prior to the Subscription Date but will otherwise rank in full for all dividends and other distributions (other than any in respect of which an adjustment has been made under paragraph 2 below) declared or made after the Subscription Date and shall in all other respects rank *pari passu* with the Ordinary Shares in issue on the Subscription Date.

1.4 The Subscription Rights will be subject to:

1.4.1 any applicable statutory requirements for the time being in force and compliance by a Warrant holder exercising Subscription Rights with any such requirements applicable to him; and

1.4.2 the Memorandum and Articles of Association of the Company in force from time to time.

1.5 The Company undertakes to apply to the London Stock Exchange for the Ordinary Shares issued on the exercise of the Subscription Rights to be admitted to listing on AIM or to the Official List of the London Stock Exchange, if the ordinary shares are so listed, as soon as practicable after the Subscription Date.

2. Adjustment of Subscription Rights

On any increase or decrease in the share capital of the Company (whether by way of a capitalisation or rights issue, subdivision or consolidation of the Ordinary Shares or a share capital reduction or otherwise) or on the making of an exempt distribution by virtue of Chapter III Part VI of the Income and Corporation Taxes Act 1988, the Subscription Price and/or the number of Ordinary Shares comprised in the Subscription Rights shall be varied in such manner as the auditors of the Company (for the time being) or such other firm of Chartered Accountants as are approved by the Company and the Warrant holders for the purposes of determining such variation acting as experts shall notify to the Company and the Warrant holders as being in their opinion fair and reasonable and such decision of the auditors or such other firm of Chartered Accountants shall in the absence of manifest error be final and binding on the Warrant holders and the Company; provided always that no adjustment to the Subscription Price shall be made pursuant to the provisions of this condition which would result in any shares comprised in the Warrants being issued unlawfully at a discount.

3. Obligations of the Company

So long as any Subscription Rights remain exercisable:

3.1. The Company will not, without such sanction as is required for a modification of the rights of the Warrant holders:

3.1.1 issue any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves nor make any offer to shareholders if as a result the Company would on any subsequent exercise of the Subscription Rights be obliged to issue Ordinary Shares at a discount to nominal value;

3.1.2 modify the rights attached to the Ordinary Shares or create any new class of equity share capital or modify the rights attached to any class of shares so that any such class of shares will have rights as regards voting, dividends or capital more favourable than those attaching to the existing Ordinary Shares;

3.2 The Company will procure that it has available sufficient unissued Ordinary Shares to satisfy in full all Subscription Rights remaining exercisable;

3.3 Subject to paragraph 3.5 below, if at any time an offer is made to all holders of Ordinary Shares (or all such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror) to acquire the whole or any part of the equity share capital of the Company and the Company becomes aware that as a result of such an offer the right to cast a majority of the votes which may ordinarily be cast on a poll at a general meeting of the Company has or will become vested in the offeror and/or such persons or companies as aforesaid, the Company shall give notice to the Warrant holders of such vesting within 14 days of its becoming so aware and the Warrant holders shall be entitled at any time within the period of 30 days immediately following the date of such notice to exercise their Subscription Rights as if they had exercised their rights immediately prior to the date (or record date) on which such offer was made.

3.4 If Subscription Rights shall have become exercisable in the circumstances described in paragraph 3.3 above, and the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror shall have made an offer to the holders of the Warrants, or all such holders other than the offeror and/or any company controlled by the offeror and/or persons acting in concert with the offeror to acquire all of the outstanding Warrants and the value of the consideration (on such basis as the auditors of the company may determine, acting as experts) receivable by the holders of Warrants pursuant to such offer represents no less than that which they would have received pursuant to the offer made to the holders of Ordinary Shares had their Subscription Rights been exercised on the date upon which such offer became wholly unconditional (after deduction of the costs of subscription), then Subscription Rights attaching to any Warrant which are not the subject of an acceptance of the offer to holders of the Warrants shall lapse upon the expiry of that offer.

3.5 If an offer is made as referred to in paragraph 3.3 above where the consideration consists solely of the issue of ordinary shares of the offeror and the offeror makes available an offer of a warrant to subscribe for ordinary shares of the offeror in exchange for the Warrants which the financial advisers to the Company consider in their opinion (acting as experts and not as arbitrators) is fair and reasonable (having regard to the terms of the offer and any other circumstances which may appear to the financial advisers to be relevant) then any director of the Company shall be authorised as attorney for the holder of the Warrants (i) to execute a transfer thereof in favour of the offeror in consideration of the issue of a warrant to subscribe for ordinary shares of the offeror as aforesaid whereupon the Warrants shall lapse and (ii) to do such act and things as may be necessary or appropriate in connection therewith, subject in the case of both paragraph (i) and (ii) aforesaid to such offer becoming or being declared wholly unconditional and the offeror being in a position compulsorily to acquire the whole of the then issued ordinary share capital of the company.

3.6 The Company will send to the Warrant holders (or in the case of joint holders the first named) a copy of each published annual report and accounts of the Company together with all documents required by law to be annexed thereto and a copy of every statement, notice or circular issued to the holders of Ordinary Shares at the same time as the issue to the holders of Ordinary Shares.

3.7 If an order is made or an effective resolution is passed for winding up the Company (save for the purpose of reconstruction, amalgamation or unitisation with the consent of the Warrant holders by resolution passed in accordance with the provisions of paragraph 4.1 below) the Warrant holders will be treated as if immediately before the day of such order or resolution their Subscription Rights had been exercised in full (such exercise to be entirely at the discretion of the holders of Warrants) and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Ordinary Shares such sum as they would have become entitled to by virtue of such subscription after deducting a sum per Ordinary Share equal to the Subscription Price: subject to the foregoing all Subscription Rights shall lapse on the liquidation of the Company.

4. Modification of Rights

4.1 All or any of the rights for the time being attached to the Warrants may from time to time (whether or not a resolution has been passed or an order made to wind up the Company) be altered or abrogated with the consent of the Warrant holders, which shall mean a written resolution signed by all the holders of the Warrants or a resolution proposed at a separate meeting of the Warrant holders and passed by a majority consisting of not less than three quarters of the votes cast whether on a show of hands or on a poll.

4.2 If there is more than one holder of rights under the Warrants then the provisions of the Articles of Association for the time being of the Company as to general meetings shall *mutatis mutandis* apply as though the Warrants were a class of shares forming part of the capital of the Company, but so that:

4.2.1 the necessary quorum shall be the holders (present in person or by proxy) entitled to acquire one third in nominal amount of the Ordinary Shares for which such Warrant holders may subscribe:

4.2.2 every Warrant holder present in person at any such meeting shall be entitled on a show of hands to one vote and every holder present in person or by proxy at any such meeting shall be entitled on a poll to one vote for every Ordinary Share for which he is entitled to subscribe:

4.2.3 every holder present in person or by proxy may demand or join in demanding a poll; and

4.2.4 at any adjourned meeting those Warrant holders present in person or by proxy shall be a quorum whatever the number of warrants held or represented by them.

5. Purchase

The Company or any subsidiary thereof shall have the right to purchase any Warrants by private treaty or by tender to the Warrant holders thereof from time to time. Any Warrants so purchased shall forthwith be cancelled and shall not be available for reissue or resale.

6. Transfer and Transmission

6.1 Each Warrant will be transferable by instrument of transfer in any usual or common form or in such other form as the directors may accept and may be under hand only.

6.2 In the event of the death of a Warrant holder the provisions of the Articles of Association relating to the transmission of shares shall apply to the transmission of Warrants.

PART IV

STATUTORY AND GENERAL INFORMATION

1. The Company and its share capital

(a) The Company was incorporated in England and Wales as a public limited company on 19 January 1996 under the Act with the name Distant Brook PLC and with registered number 3148295. The name was changed on 4 September 1997 to that of the Company. The principal place of business in the United Kingdom is 3 Draycott Place, London SW3 2SE.

(b) The liability of the members of the Company is limited.

(c) The authorised and issued share capital of the Company at the date of this document are as follows:

	Authorised		Issued	
	Number	£	Number	£
Ordinary Shares of 10p each	12,000,000	1,200,000	4,209,000	420,900

(d) On 19 September 1997 the Directors were authorised for the purposes of Section 80 of the Act to allot Ordinary Shares up to the maximum of the authorised but unissued share capital, such authority to expire on 18 September 2002. For issues of Ordinary Shares, section 89(1) of the Act has been disapplied, such authority to expire on 18 September 2002 and is limited to:

- (i) Ordinary Shares issued pursuant to the subscription rights contained in the Warrants;
- (ii) Ordinary Shares issued pursuant to the subscription rights contained in the Options;
- (iv) the Ordinary Shares the subject of the Placing; and
- (v) other than under paragraphs (i) to (iv) above, up to a nominal amount of £779,100, being approximately 101 per cent of the issued ordinary share capital immediately following the Placing, if all of the Warrants and Options were exercised (in order to give the Company flexibility to issue additional shares to finance investments, without incurring the expense and delay associated with the obtaining of shareholder approval).

(e) Except as stated in this Part IV:

- (i) the Company does not have in issue any securities not representing share capital; and
- (ii) there are no outstanding convertible securities issued by the Company.

2. Substantial shareholders

The Directors are aware of the following holdings of Ordinary Shares, other than those of the Directors disclosed in paragraph 3 below, which will, following the completion of the Placing, represent more than 3 per cent. of the nominal value of the Company's share capital.

Holder	Ordinary Shares	Percentage
Wharton	1,333,334	31.7
CI Law	1,333,333	31.7

The Ordinary Shares held by Wharton are held on behalf of a discretionary trust, the beneficiaries of which include the families of Mr Rogers and Dr Sharples. Those held by CI Law are held on behalf of a discretionary trust, the beneficiaries of which include the family of Mr Palmer.

Except for the holdings stated above, the Directors are not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

3. Directors' interests

- (a) The interests of the Directors in the share capital of the Company, all of which are beneficial, other than those disclosed in paragraph 2 above, are as follows:

<i>Director</i>	<i>Ordinary Shares</i>	<i>Percentage</i>	<i>Warrants</i>	<i>Options</i>
LKA Mair	33,334	0.8	16,667	-

In addition Corporate Synergy PLC, joint financial adviser to the Company and of which Mr Mair is a director and in which he has an interest, has subscribed for 33,334 Ordinary Shares, with Warrants attached, in the Placing.

Apart from the interests disclosed in paragraphs 2, 3 and 4 of this Part IV, the Directors have no interests in the Ordinary Shares, Warrants or Options.

- (b) The aggregate remuneration of the Directors for the period ending 31st January 1998, including benefits in kind, is expected to amount to £20,000.
- (c) Pursuant to a letter of engagement dated 19 September 1997, Islandjet Limited agreed to provide the services to the Company of Mr Rogers for the majority of his time, as executive chairman, for an annual fee of £24,000, payable monthly in arrears and subject to six months' notice by Islandjet Limited or the Company.
- (d) Pursuant to a letter of engagement dated 19 September 1997, Mr Palmer agreed to devote a minimum of three days per month to the Company as an executive director, for an annual salary of £12,000 (with any time in excess of three days per month to be paid at the rate of £350 per day) payable monthly in arrears and subject to six months' notice by Mr Palmer or the Company.
- (e) Pursuant to a letter of engagement dated 19 September 1997, Dr Sharples agreed to act as a non-executive director of the Company, for an annual salary of £12,000, payable monthly in arrears and subject to six months' notice by Dr Sharples or the Company.
- (f) Pursuant to a letter of engagement dated 19 September 1997, Corporate Synergy PLC agreed to supply the services of Mr Mair as finance director for such time as is necessary for him to fulfil his responsibilities, and in any event not less than one day per month, for an annual fee of £12,000, payable monthly in arrears and subject to six months' notice by Corporate Synergy PLC or the Company.
- (g) There are no existing or proposed service contracts between any of the Directors and the Company expiring, or determinable by the Company without payment of compensation, within one year.

4. Options

The Company has entered into agreements with each of Wharton and CI Law pursuant to which they are entitled to subscribe for the following percentages of the Company's share capital from time to time:

<i>Holder</i>	<i>Percentage</i>
Wharton	13.38
CI Law	7.62

The Options held by Wharton are held on behalf of a discretionary trust, the beneficiaries of which include the families of Mr Rogers and Dr Sharples. Those held by CI Law are held on behalf of a discretionary trust, the beneficiaries of which include the family of Mr Palmer.

The following is a summary of the principal terms of the Options.

- (a) In respect of the Ordinary Shares for which the option holder is entitled to subscribe as at the date thereof, the exercise price is 15p per Ordinary Share.
- (b) In respect of any Ordinary Shares for which the option holder is entitled to subscribe as a result of a rights issue, placing, open offer or similar the exercise price shall be the price at which such ordinary shares are issued.
- (c) In respect of any Ordinary Shares for which the holder is entitled to subscribe as a result of any capitalisation of reserves or profits, or a capital reduction or otherwise or on the making of an exempt distribution by virtue of Chapter II Part VI of the Income and Corporation Taxes Act 1988, the exercise price may be varied in such manner as the auditors of the Company (for the time being) acting as experts shall notify to the Company and the option holder as being in their opinion fair and reasonable and such decision of the auditors shall in the absence of manifest error be final and binding on the option holder and the Company provided always that no adjustment to the exercise price shall be made pursuant to the provisions of this condition which would result in Ordinary Shares being issued unlawfully at a discount.
- (d) In respect of any Ordinary Shares for which the option holder is entitled to subscribe as the result of the exercise by any other person, firm or corporation of any rights granted to subscribe for Ordinary Shares (whether by way of option, warrant or otherwise), the exercise price per Ordinary Share shall be equal to the average market price of the Ordinary Shares on each of the five business days preceding the date of the exercise of the said rights, as derived from the Stock Exchange Daily Official List.
- (e) The Options may be exercised in whole or in part on any one or more occasions at any time between 1 October 1998 and 30 September 2004.
- (f) The Ordinary Shares allotted to the option holder shall rank *pari passu* in all respects with the Ordinary Shares of the Company then in issue and shall carry the right to receive all dividends and other distributions declared, made or paid by the Company in respect of the Ordinary Shares on and after the date of the exercise of any of the Options.
- (g) The Company will apply to the London Stock Exchange for the Ordinary Shares allotted pursuant to any exercise of the Options to be admitted to trading on the Alternative Investment Market of the London Stock Exchange, or to the Official List if the Ordinary Shares have been so admitted, and the Company will use its reasonable endeavours to obtain such admission not later than 14 days after receipt of any Exercise Notice.
- (h) No Options will be granted to any director or corporation in which he has an interest (or associate thereof) after he shall have ceased (for whatsoever reason) to be a director of the Company or shall have ceased to supply his services to the Company, whether directly or indirectly.

5. Memorandum and Articles of Association

The provisions contained in the Company's Memorandum of Association determining its objects state that the Company's main activity is that of an investment holding company.

The Articles of Association of the Company, contain, *inter alia*, the following provisions relating to the rights attaching to Ordinary Shares and Warrants.

- (a) There are no rights of pre-emption in respect of transfers of issued Ordinary Shares or issued Warrants. However, in certain circumstances, the Company's shareholders may have statutory pre-emption rights under the Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to place new shares for allotment to existing shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares are offered to the Company's shareholders.
- (b) In order to transfer Ordinary Shares, the instrument of transfer of any such shares must be in any usual or common form or in such other form as may be approved by the directors and must be executed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. The directors may in their absolute discretion refuse to register a transfer of any share which is not fully paid or a transfer of shares, whether fully paid or not, in favour of more than four persons jointly. Subject to disenfranchisement in default of supplying information required in a notice under Section 212 of the Act, the Articles of Association contain no restrictions on the free transferability of fully paid shares, provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the directors and that the provision in the Articles of Association relating to the deposit of instruments for transfer have been complied with.
- (c) Each Ordinary Share confers the right to receive notice of and attend all meetings of shareholders. Each holder of Ordinary Shares present at a general meeting in person or by proxy has one vote, and, on a poll, one vote for each Ordinary Share of which he is a holder.
- (d) On a return of assets in a winding up or the repayment of capital a liquidator may, with the sanction of an extraordinary resolution of the Company, divide amongst the holders of the Company's shares (*in specie* or in kind) the whole or any part of the assets of the Company, and may, with the like sanction, determine how such division is to be carried out.
- (e) The Ordinary Shares confer upon their holders the right to participate in any profits which the Company may from time to time determine to distribute in respect of any financial period.
- (f) Subject to the provisions of the Act and if the profits of the Company justify such payments, the Directors may declare and pay interim dividends on shares of any class of such amounts as and when they think fit. All dividends are apportioned and paid *pro rata* according to the amounts paid on the shares. No dividend or other monies payable on or in respect of a share will bear interest as against the Company. The directors may retain any dividend or other monies payable on or in respect of a share on which the Company has a lien, and may apply them towards the satisfaction of the debts, liabilities or engagements in respect of a lien. A dividend may be retained if a shareholder has failed to comply with the statutory disclosure requirements of the Act. Any dividend unclaimed for 12 years will be forfeited and revert to the Company.
- (g) The Company may purchase its own shares in any manner authorised by the Act subject to prior authority of the Company in general meeting, unless the purchase of the shares would result in the Company having only redeemable shares.
- (h) All or any of the rights or privileges attached to any class of shares in the company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders or of the shares of that class. At every such separate general meeting, except an adjourned meeting, the quorum is two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

6. Working capital

In the opinion of the Company, having made due and careful enquiry, the working capital available to the Company will, from the time that the Ordinary Shares and Warrants are admitted to AIM, be sufficient for its present requirements.

7. Directors

(a) The Directors currently hold the following directorships and have held the following directorships within the five years prior to the publication of this document except for those to which reference is made in paragraph 7(b) (ii) below.

PCRC Rogers	<i>Current:</i> Elkron SpA Islandjet Limited No 3 Draycott Place Limited	<i>Past:</i> Basys Marine Limited Basys Technology Limited Carflow Products (UK) Limited Channel Holdings PLC Channel Tunnel Investments Limited Compactvale Limited CQR Security Components Limited English Eclectic Company Limited (dissolved on 29 June 1993) Healthcare Logistics Limited Kornel SA Rosilk Limited (creditors' liquidation in 1984, deficiency of approximately £40,000) Safe Haul (UK) Limited
PE Palmer	<i>Current:</i> Nutraceuticals Limited	<i>Past:</i> Healthcare Logistics Limited Healthcare Logistics (Management) Limited (dissolved on 27 August 1996) Marketing Logistics Limited Medical Archives Limited (dissolved on 3 September 1996)
LK Sharples	<i>Current:</i> Rapid Research Limited Security Homeview Limited The Noise Boys Limited	<i>Past:</i> Anglo International Holdings Limited (dissolved on 19 October 1996) Baxall PLC (creditors' voluntary liquidation on 12 January 1993, deficiency to creditors of approximately £1.75m) Baxworth Limited (creditors' voluntary liquidation on 2 October 1996, deficiency to creditors of approximately £260,000) CCTV Corporation (Delaware) DSM Manufacturing Limited (dissolved on 30 July 1996) Elkron SpA GBC Europe Limited Microwave Modules (UK) Limited (creditors' liquidation on 30 November 1996, deficiency of £680,000) Peca Electronics Limited - subsidiary of Baxall PLC (creditors' liquidation on 12 January 1995, deficiency of approximately £100,000) Shawley Antony Limited Town Watch (Canterbury) Limited (dissolved on 29 March 1994)
LKA Mair	<i>Current:</i> Corporate Synergy PLC Mair Associates Limited	<i>Past:</i> Just Group PLC

- (b) Save as stated above, no Director:
- i) has any unspent convictions; or
 - ii) has been a director of any company which, at that time or within 12 months after his ceasing to be a director, became bankrupt, had a receiver appointed or was liquidated (other than solvent liquidations); or
 - iii) has had any public criticism against him by statutory or regulatory authority.

8. United Kingdom taxation on dividends

There is no United Kingdom withholding tax on dividends but when the Company pays a dividend, it has to account to the Inland Revenue for advance corporation tax ("ACT"). The ACT rate is currently one quarter of the net dividend paid.

Shareholders who are resident for tax purposes in the United Kingdom and who receive a dividend from the Company will normally be entitled to a tax credit of an amount equal to one quarter of the net dividend. A United Kingdom resident individual will be liable to income tax upon the total of the dividend received and the tax credit. Unless the individual is subject to the higher rate of income tax, the tax credit will fully discharge his liability to income tax thereon. If the tax credit exceeds his overall liability to income tax, taking into account his other income and any other tax credits and allowances, he will be able to claim payment of the excess from the Inland Revenue. Shareholders who are liable to tax at the higher rate (currently 40 per cent) will have a further liability to income tax of 20 per cent in respect of the aggregate of the dividend and the tax credit received.

9. Material Contracts

- (a) By a conditional agreement dated 19 September 1997 between Nabarro Wells (1) and the Company (2) Nabarro Wells agreed to act as nominated adviser to the Company. The agreement provides that either party may terminate it summarily in the event of material breach or otherwise on six months' notice, such notice not to be given until, at the earliest, six months following Admission. The agreement provides for the Company to pay Nabarro Wells £16,000 per annum plus VAT (if applicable) for its services as nominated adviser.
- (b) By a conditional agreement dated 19 September 1997 between WH Ireland (1) and the Company (2) WH Ireland agreed to act as nominated broker to the Company. The agreement provides that either party may terminate it summarily in the event of material breach or otherwise on six months' notice, such notice not to be given until, at the earliest, six months following Admission. The agreement provides for the Company to pay WH Ireland £7,500 per annum plus VAT (if applicable) for its services as nominated broker.
- (c) The option agreements to which reference is made in paragraph 4 of this Part IV.

10. Other information

- (a) There are no legal or arbitration proceedings active, pending or threatened against or being brought by the Company, which are having or may have a significant effect on the Company's financial position.
- (b) There are no patents or other intellectual property rights, licences or particular contracts which are of fundamental importance to the Company's business.
- (c) There are no significant investments in progress.
- (d) No exceptional factors have influenced the Company's activities.
- (e) The expenses of the Placing are estimated at £60,000 including VAT and are payable by the Company.

- (f) Each of Nabarro Wells and BDO Stoy Hayward has given and not withdrawn its written consent to the issue of this document with the references to them in the form and context in which such references are included.
- (g) The financial information set out in this document does not constitute statutory accounts within the meaning of section 240 of the Act.
- (h) Copies of this document will be available to the public free of charge from the registered office of the Company during normal office hours, Saturdays and Sundays excepted, for 14 days following the admission of the Ordinary Shares and Warrants to trading on AIM.

Dated: 19 September 1997

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